

Financial Results Presentation for H1 2018

H1 2018 Summary
2018 Forecast



August 2018

**Overview of Financial Results for H1 2018
&
Full Year Targets**

Financial Results 2018 Highlight



(JPY billion)

Summary of Statement of Profit or Loss	2018 H1 (6months ended June 30)				2018 Revised Target (announced on August 2)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Alcohol Beverages Business	420.6	- 19.5	- 4.4%	- 19.7	942.6	- 15.8	- 1.6%	- 20.4
Soft Drinks Business	174.4	- 3.9	- 2.2%	1.7	369.7	- 4.8	- 1.3%	-
Food Business	56.4	1.2	2.2%	1.2	113.9	0.1	0.1%	-
Overseas Business	351.4	88.3	33.5%	19.2	702.3	65.3	10.3%	4.8
Other Business	52.9	1.7	3.3%	0.6	110.8	4.7	4.4%	0.6
Adjustmenet (corporate and elimination)	- 50.7	- 0.1	-	4.0	- 99.3	5.6	-	15.0
Revenue	1,005.1	67.7	7.2%	7.1	2,140.0	55.1	2.6%	-
Alcohol Beverages Business	46.9	0.2	0.4%	- 1.0	121.0	0.5	0.4%	- 4.0
Soft Drinks Business	16.9	0.3	2.0%	0.1	38.9	0.6	1.5%	-
Food Business	6.3	0.2	4.0%	0.2	12.1	0.5	4.1%	-
Overseas Business	41.5	20.3	96.0%	6.3	95.6	28.6	42.6%	3.6
Other Business	0.3	0.1	30.0%	0.2	2.4	0.4	20.5%	-
Adjustmenet (corporate and elimination)	- 9.2	0.7	-	1.3	- 21.4	- 1.1	-	0.6
Amortization of acquisition-related intangible assets	- 11.2	- 3.7	-	- 0.3	- 21.8	- 2.6	-	- 0.2
Corporate adjustment (IFRS adjustment)	- 3.3	- 1.3	-	- 0.3	- 6.8	- 3.2	-	-
Core operating profit	88.2	16.9	23.7%	6.5	220.0	23.6	12.0%	-
Operating profit	87.9	20.4	30.2%	12.3	204.0	20.8	11.4%	4.0
Profit attributable to owners of parent	60.4	19.7	48.3%	5.4	142.0	1.0	0.7%	-

* H1 result last year of amortization of acquisition-related intangible assets includes the impact of retroactive adjustments for Central Europe business (negative JPY 3.2 billion)

【Revenue】

- H1: Finished above target with +7.2% YoY growth mainly driven by revenue growth of Overseas Business, mitigating the declines in Alcohol Beverages and Soft Drinks (mainly due to the negative impact of the sale of LB) Businesses.
- Annual Target: The initial target unchanged mainly due to the upward revision of Overseas Business mitigating the downward revision of Alcohol Beverages Business.

【Core OP】

- H1: Finished above target with 23.7% YoY growth driven by significant growth of Overseas Business centered on Europe business in addition to all three domestic Businesses.
- Annual Target: The initial target unchanged mainly due to the upward revision of Overseas Business mitigating the downward revision of Alcohol Beverages Business.

<Sales Volume>

	2018 H1 (6months ended June 30)			
	Inc./Dec.	YoY	Against Target	
Beer	41.53	- 3.18	- 7.1%	- 2.27
Happoshu	6.67	- 0.47	- 6.5%	- 0.13
New Genre	19.16	- 1.82	- 8.7%	- 1.74
Beer-type beverages Total	67.36	- 5.46	- 7.5%	- 4.14

(Millions of cases)

	2018 Revised Target (announced on August 2)			
	Inc./Dec.	YoY	Against Initial Target	
	95.85	- 4.13	- 4.1%	- 2.65
	14.35	- 0.66	- 4.4%	- 0.15
	41.60	- 1.38	- 3.2%	- 1.40
	151.80	- 6.17	- 3.9%	- 4.20

<Market Total>

Jan. - Jun.	Annual Forecast
YoY	YoY
-6~7%	around -5%
around -8%	around -6%
+2~3%	+5~6%
-3~4%	-1~2%

<Sales Volume by Brand>

	H1 (6months ended June 30)		
	Inc./Dec.	YoY	
Super Dry Total	40.07	- 3.54	- 8.1%
Style Free Total	6.03	- 0.27	- 4.3%
Clear Asahi Total	15.75	- 1.77	- 10.1%

(Millions of cases)

	2018 Revised Target (announced on August 2)			
	Inc./Dec.	YoY	Against Initial Target	
	93.10	- 4.84	- 4.9%	- 2.40
	13.10	- 0.25	- 1.9%	- 0.30
	34.70	- 1.15	- 3.2%	- 1.30

<Container Type>

Jan. - Jun.	
	YoY
Bottle	- 10.4%
Can	- 5.7%
Keg	- 7.2%

【Market Total】

- H1: -3% to -4% YoY decline in total volume due to the negative impacts of retail price hike since last June and sluggish performance of on-premise market.
- Full Year: YoY contraction by 1% to 2% in total volume expected due to the partial recovery from the negative impact of retail price hike.

【Sales Volume of Asahi Breweries】

- H1: Finished below target with -7.5% YoY decline in total volume due to the market contraction more than expected in each category.
 - <Beer> -7.1% YoY decline and below target due to sluggish sales in on-premise market in addition to the downturn in reaction to reinforced marketing activities related to 30th anniversary of *Super Dry* last year.
 - <Happoshu> -6.5% YoY decline and below target due to the market contraction, despite focusing marketing activities on *Style Free*.
 - <New Genre> -8.7% YoY decline and below target mainly due to the decline of *Clear Asahi Prime Rich* impacted by the newly launched products in competitors.
- Annual Target: The target revised downward by 4.2 million cases in total in response to the result of H1, despite aiming at achieving the initial target in H2.

Alcohol Beverages Business (Revenue)



<Revenue>

(JPY billion)

	2018 H1 (6months ended June 30)				2018 Revised Target (announced on August 2)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Beer	228.9	- 14.3	- 5.9%	- 12.4	533.8	- 12.2	- 2.2%	- 13.8
Happoshu	25.4	- 2.1	- 7.6%	- 0.7	54.6	- 3.3	- 5.6%	- 1.2
New Genre	63.5	- 6.0	- 8.6%	- 5.9	138.0	- 4.4	- 3.1%	- 4.9
Beer-type beverages total	317.9	- 22.3	- 6.6%	- 19.0	726.4	- 19.9	- 2.7%	- 19.9
Whiskey and spirits	27.4	1.2	4.6%	0.3	56.9	1.9	3.5%	0.6
RTD low-alcohol beverages	21.1	3.0	16.4%	- 0.8	45.2	4.6	11.4%	- 1.3
Wine	19.4	0.4	2.1%	- 0.3	41.7	0.4	1.0%	- 0.7
Shochu	13.2	0.0	0.3%	0.1	27.5	- 0.3	- 1.2%	0.0
Other	0.0	- 0.0	- 11.8%	- 0.0	0.0	- 0.0	- 6.1%	- 0.0
Other alcohol beverages total	81.2	4.6	6.0%	- 0.7	171.4	6.6	4.0%	- 1.3
Non-alcohol beverages	14.6	0.6	4.6%	0.6	33.1	1.2	3.7%	0.6
Other, contracted manufacture, etc.	11.7	- 0.6	- 5.0%	- 2.1	23.6	- 0.5	- 2.1%	- 1.3
Asahi Breweries Revenue	425.3	- 17.7	- 4.0%	- 21.2	954.5	- 12.6	- 1.3%	- 21.9
Other / elimination in segment	11.1	- 3.1	- 22.0%	0.1	24.0	- 3.8	- 13.6%	0.5
Corporate adjustment (IFRS adjustment)	- 15.7	1.3	-	1.4	- 35.9	0.6	-	1.1
Revenue total	420.6	- 19.5	- 4.4%	- 19.7	942.6	- 15.8	- 1.6%	- 20.4

[Revenue of Other Alcohol Beverages]

- H1: +6.0% YoY growth in total due to growth in core categories centered on RTD low-alcohol beverages with newly launched *Zeitaku Shibori* and whiskey and spirits with favorable performance of on-premise items, however slightly below target.
+4.6% YoY growth and above target in Non-alcohol beverages driven by strong performance of *Dry Zero*.
- Annual Target: +4.0% YoY growth of JPY171.4 billion in total in reaction to revising RTD low-alcohol beverages forecast in light of harsh competition.
+3.7% YoY growth of JPY33.1 billion in Non-alcohol beverages driven by newly launched impact of *Dry Zero Spark*.

<Core Operating Profit> (JPY billion)

	2018 H1 (6months ended June 30)				2018 Revised Target (announced on August 2)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Beer-type - Decrease in sales volume	-	- 6.3		- 6.6	-	- 4.4		- 7.0
Change in Beer-type	-	0.3		- 0.1	-	1.5		- 0.3
Other than beer-type beverages - Increase in sales volume	-	1.7		0.1	-	2.5		- 0.1
Cost reduction in manufacturing	-	0.8		0.2	-	1.3		0.3
Cost increase in manufacturing	-	- 0.8		- 0.2	-	- 1.0		-
Decrease in sales promotion expenses	48.0	3.0		2.7	104.5	0.4		-
Decrease in other expenses	-	1.6		3.0	-	0.3		3.2
Asahi Breweries	46.8	0.3	0.7%	- 0.9	120.2	0.6	0.5%	- 3.9
Other / elimination in segment	0.1	- 0.1	- 59.6%	- 0.1	0.8	- 0.1	- 8.7%	- 0.1
Core Operating Profit	46.9	0.2	0.4%	- 1.0	121.0	0.5	0.4%	- 4.0

[H1: Factors Contributing to Growth / Decline] (JPY billion)

<Breakdown of main factors>

Beer-type – Decrease in sales volume: -6.3 (including the impact of price revision)

Cost reduction in manufacturing: +0.8

(Raw materials +0.2, Product mix improvement in categories of other than beer-type +0.4, etc.)

Cost increase in manufacturing: -0.8 (Raw materials -0.2, Utilities -0.4, etc.)

Decrease in sales promotion expense: +3.0 (Advertisement -0.7, Promotion expenses +3.7)
(Beer-type +3.9, Others -0.9)

[Annual Target: Factors Contributing to Growth / Decline] (JPY billion)

<Breakdown of main factors>

Beer-type – Decrease in sales volume: -4.4 (including the impact of price revision)

Cost reduction in manufacturing: +1.3

(Raw materials +0.5, Product mix improvement in categories other than beer-type +0.5, etc.)

Cost increase in manufacturing: -1.0 (Raw materials -0.4, Utilities -0.5, etc.)

Decrease in sales promotion expenses: +0.4 (Advertisement -1.5, Promotion expenses +1.9)
(Beer-type +0.7, Others -0.3)

Soft Drinks Business (Sales Volume)



<Sales Volume>

	2018 H1 (6months ended June 30)			
	Inc./Dec.	YoY	Against Target	
Carbonated drinks	31.67	2.36	8.0%	0.99
Fruit juice	9.77	- 0.80	- 7.6%	0.36
Coffee	21.13	- 1.15	- 5.2%	- 1.15
Tea	18.52	- 0.68	- 3.6%	- 0.03
Mineral water	11.28	0.71	6.8%	0.30
Lactic acid drinks	23.14	2.25	10.8%	1.16
Other drinks	9.46	0.49	5.5%	- 0.19
Sales Volume Total	124.97	3.17	2.6%	1.43

(Millions of cases)

<Market Total>

	2018 Revised Target (announced on August 2)			Jan. - Jun. YoY
	Inc./Dec.	YoY	Against Initial Target	
	66.33	4.26	6.9%	+3~4%
	19.55	- 2.88	- 12.8%	+0~1%
	43.80	- 0.37	- 0.8%	-1~0%
	40.75	0.55	1.4%	+2~3%
	24.80	1.34	5.7%	+4~5%
	48.46	4.09	9.2%	+8~9%
	19.82	0.53	2.7%	-
	263.50	7.52	2.9%	around +2%

<Sales Volume by Core Brands>

(Millions of cases)

	H1 (6months ended June 30)		
	Inc./Dec.	YoY	
Mitsuya	19.30	1.11	6.1%
Wilkinson	10.07	1.01	11.1%
WONDA	20.15	- 0.84	- 4.0%
Jurokucha	10.79	- 0.35	- 3.1%
Oishii Mizu	11.28	0.71	6.8%
Calpis	19.92	1.84	10.2%

<Container Type>

	Jan. - Jun.	YoY
Glass Bottle		- 0.3%
PET Bottle total		6.2%
PET large size		1.7%
PET small size		9.2%
Can		- 4.1%
Others		- 3.7%

<Channel Type>

	Jan. - Jun.	YoY
Vending machines		3.8%
Over-the-counter total		2.3%
Convenience Store		- 1.1%
Supermarket		4.5%
Others		1.0%

[Market Total]

•In H1, +2% YoY growth in total volume driven by favorable weather and the positive impact of renewal and newly launched products of core brands in each beverage company.

[Asahi Soft Drinks Sales Volume]

- H1: +2.6% YoY growth and above target in total, with strong performances from Carbonated drinks and Lactic acid drinks, mitigating the decline of Coffee.
- Annual Target: Unchanged from the initial target in total in response to the upward revision of Carbonated drinks and Lactic acid drinks and the downward revision of Coffee.

<Core Operating Profit>

(JPY billion / Millions of cases)

	2018 H1 (6months ended June 30)				2018 Revised Target (announced on August 2)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Sales Volume Total	124.97	3.17	2.6%	1.43	263.50	7.52	2.9%	-
Revenue Total	174.4	- 3.9	- 2.2%	1.7	369.7	- 4.8	- 1.3%	-
Increase in sales volume	-	1.6		0.6	-	3.3		-
Change in product & pack mix, etc.	-	0.1		-	-	0.2		-
Cost reduction	-	2.4		0.1	-	3.7		0.3
Cost increase	-	- 0.8		0.1	-	- 1.6		0.1
Increase in sales promotion expenses	-	- 1.3		- 0.6	-	- 1.8		- 0.4
Other expenses	-	- 1.3		- 0.1	-	- 2.1		-
Asahi Soft Drinks	16.8	0.7	4.3%	0.1	38.7	1.7	4.5%	-
LB	-	- 0.3	-	-	-	- 0.9	-	-
Other / elimination in segment	0.1	- 0.0	- 17.2%	- 0.0	0.2	- 0.2	- 49.9%	-
Core Operating Profit	16.9	0.3	2.0%	0.1	38.9	0.6	1.5%	-

[H1: Factors Contributing to Growth / Decline] (JPY billion)

<Breakdown of main factors>

Increase in sales volume: +1.6, Change in product & pack mix, etc.: +0.1

Cost reduction: +2.4

(Raw materials +0.8, Packages +0.3, operational efficiency / in-house production +1.3)

Cost increase: -0.8 (Raw materials -0.4, Packages -0.4)

Increase in sales promotion expenses: -1.3 (Advertisement +0.4, Promotion expenses -1.7)

[Annual Target: Factors Contributing to Growth / Decline] (JPY billion)

<Breakdown of main factors>

Increase in sales volume: +3.3, Change in product & pack mix, etc.: +0.2

Cost reduction: +3.7

(Raw materials +1.1, Packages +0.9, operational efficiency / in-house production +1.7)

Cost increase: -1.6 (Raw materials -0.8, Packages -0.8)

Increase in sales promotion expenses: -1.8

(Advertisement +0.5, Promotion expenses -2.3)

<Revenue>

(JPY billion)

	2018 H1 (6months ended June 30)				2018 Revised Target (announced on August 2)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Asahi Group Foods	62.3	1.3	2.2%	1.3	126.3	0.2	0.2%	-
Other / elimination	- 0.0	0.0	-	- 0.0	-	0.0	-	-
Corporate adjustment (IFRS adjustment)	- 5.9	- 0.1	-	- 0.1	- 12.4	- 0.1	-	-
Revenue Total	56.4	1.2	2.2%	1.2	113.9	0.1	0.1%	-

<Core Operating Profit>

(JPY billion)

	2018 H1 (6months ended June 30)				2018 Revised Target (announced on August 2)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Asahi Group Foods	6.1	0.3	5.5%	0.1	11.7	0.5	4.9%	-
Other / elimination	0.2	- 0.1	- 26.6%	0.1	0.4	- 0.1	- 14.8%	-
Core Operating Profit	6.3	0.2	4.0%	0.2	12.1	0.5	4.1%	-

[Revenue]

- H1: +2.2% YoY growth and above target driven by strong performance in core brands including *MINTIA* and *Dear Natura*.
- Annual Target: Unchanged from the initial target due to growth driven by enhancing developments of added value products of core brands, despite some decline expected due to harsh competition in growing categories.

[Core Operating Profit]

- H1: +4.0% YoY growth and above target driven by revenue growth and product mix improvement in addition to reduction of manufacturing cost.
- Annual Target: Unchanged from the initial target driven by revenue growth and continuous improvement of profitability through business restructuring, despite some material cost increase expected.

Overseas Business (Revenue)

<Revenue>

(JPY billion)

	2018 H1 (6months ended June 30)				2018 Revised Target (announced on August 2)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Europe business	229.8	87.2	61.1%	20.6	449.5	75.9	20.3%	10.6
Oceania business	81.0	5.0	6.6%	- 3.9	177.2	4.0	2.3%	- 6.4
Southeast Asia business	25.1	- 1.7	- 6.4%	- 0.1	47.9	- 7.5	- 13.5%	1.1
China business	6.4	- 2.2	- 26.0%	3.1	9.5	- 6.9	- 42.0%	2.6
Other / elimination in segment	9.1	- 0.0	- 0.1%	- 0.4	18.2	- 0.2	- 1.1%	- 3.1
Revenue	351.4	88.3	33.5%	19.2	702.3	65.3	10.3%	4.8

<Revenue (excluding foreign exchange impacts associated with conversion of local currencies into JPY)>

	2018 H1 (6months ended June 30)				2018 Revised Target (announced on August 2)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Europe business	213.3	70.7	49.5%	13.7	449.3	75.7	20.3%	10.6
Oceania business	81.9	5.9	7.8%	- 1.8	183.6	10.4	6.0%	-
Southeast Asia business	23.7	△ 3.1	- 11.4%	- 1.2	46.7	- 8.7	- 15.7%	- 0.3
China business	6.1	△ 2.5	- 28.9%	2.8	9.3	- 7.1	- 43.3%	2.3
Other / elimination in segment	9.0	△ 0.1	- 1.4%	- 0.8	18.4	0.0	0.1%	- 3.6
Revenue	334.0	70.9	26.9%	12.7	707.4	70.4	11.0%	9.0

[Revenue (excluding foreign exchange impacts associated with conversion of local currencies into JPY)]

Note: See P.10 for details of Europe business

H1

- Oceania: +7.8% YoY growth driven by strong performance of *Peroni*, despite Non-alcohol beverages unchanged from the previous year. (Non-alcohol beverages +0%, Alcohol beverages +18%)
- Southeast Asia: -11.4% YoY decline due to the impact of deconsolidation of Indonesia business, despite favorable performance in Malaysia and Myanmar.
- China: -28.9% YoY decline due to the impact of deconsolidation of Yantai Beer, despite good performance of *Super Dry*.

Annual Target

- Oceania: +6.0% YoY growth driven by reinforcing the sales for carbonated drinks, RTD low-alcohol beverages and beer (Non-alcohol beverages -9%, Alcohol beverages +22%).
- Southeast Asia: -15.7% YoY decline due to the impact of deconsolidation of Indonesia business, despite enhancing brand value improvement centered on core brands.
- China: -43.3% YoY decline due to the impact of deconsolidation of Yantai Beer, despite strengthening sales activities for premium beer market centered on *Super Dry* and European brands.

Overseas Business (Core Operating Profit)

<Core Operating Profit>

(JPY billion)

	2018 H1 (6months ended June 30)				2018 Revised Target (announced on August 2)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Europe business	35.7	19.8	123.9%	6.1	76.5	25.5	49.9%	3.3
Oceania business	3.8	0.1	2.8%	- 0.3	15.2	1.1	8.0%	- 0.5
Southeast Asia business	0.9	0.4	104.9%	- 0.1	2.1	1.3	162.5%	0.1
China business	0.5	- 0.1	- 15.4%	0.5	0.5	- 0.5	- 50.8%	0.2
Other / elimination in segment	0.6	0.1	20.5%	0.1	1.3	1.1	511.4%	0.6
Core Operating Profit	41.5	20.3	96.0%	6.3	95.6	28.6	42.6%	3.6

<Core Operating Profit (excluding foreign exchange impacts associated with conversion of local currencies into JPY)>

	2018 H1 (6months ended June 30)				2018 Revised Target (announced on August 2)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Europe business	33.2	17.2	107.8%	4.9	76.6	25.5	50.0%	3.3
Oceania business	3.8	0.1	4.0%	- 0.2	15.7	1.7	12.0%	-
Southeast Asia business	0.8	0.4	85.5%	- 0.1	2.1	1.2	152.7%	- 0.0
China business	0.5	- 0.1	- 18.7%	0.4	0.4	- 0.5	- 51.9%	0.2
Other / elimination in segment	0.6	0.1	18.8%	0.0	1.3	1.1	519.3%	0.5
Core Operating Profit	38.8	17.7	83.6%	5.1	96.1	29.0	43.3%	4.0

[Core Operating Profit (excluding foreign exchange impacts associated with conversion of local currencies into JPY)]

Note: See P.10 for details of Europe business

H1

- Oceania: +4.0% YoY growth driven by revenue growth of Alcohol beverages and efficient use of advertisement and promotion expenses.
- Southeast Asia: +85.5% YoY growth mainly due to the deconsolidation of Indonesia business and reduction of manufacturing costs through reviewing the manufacturing process.
- China: -18.7% YoY decline due to the impact of deconsolidation of Yantai Beer, despite good performance of *Super Dry*.

Annual Target

- Oceania: +12.0% YoY growth driven by product mix improvement through enhancing premiumization and IT integration synergies.
- Southeast Asia: +152.7% YoY growth driven by product mix improvement through expanding added value products and reduction of entire fixed costs.
- China: -51.9% YoY decline expected due to the impact of deconsolidation of Yantai Beer, despite enhancing product mix improvement through reinforcing sales activities for premium beer category.

Europe Business (Revenue / Core Operating Profit)

<Revenue>

(JPY billion)

	2018 H1 (6months ended June 30)			2018 Revised Target (announced on August 2)				
	Inc./Dec.	YoY	Against Target	Inc./Dec.	YoY	Against Initial Target		
Western Europe	71.5	10.6	17.4%	3.5	145.3	10.2	7.6%	-
Central Europe (from April 2017)	158.3	76.6	93.8%	17.1	304.2	65.7	27.5%	10.6
Europe business	229.8	87.2	61.1%	20.6	449.5	75.9	20.3%	10.6

<Core Operating Profit>

	2018 H1 (6months ended June 30)			2018 Revised Target (announced on August 2)				
	Inc./Dec.	YoY	Against Target	Inc./Dec.	YoY	Against Initial Target		
Gross Core Operating Profit	8.5	1.0	13.4%	0.8	21.4	1.8	9.4%	-
Once off Cost	- 0.1	0.7	-	- 0.0	- 0.1	1.7	-	-
Western Europe	8.5	1.7	26.0%	0.8	21.3	3.6	20.0%	-
Gross Core Operating Profit	28.1	12.6	81.9%	5.4	56.6	11.4	25.3%	3.4
Once off Cost	- 0.8	5.4	-	- 0.1	- 1.3	10.5	-	- 0.1
Central Europe	27.2	18.0	195.2%	5.3	55.3	21.9	65.8%	3.3
Europe business	35.7	19.8	123.9%	6.1	76.5	25.5	49.9%	3.3

Western Europe	- 2.3	- 0.7	-	- 0.0	- 4.5	- 0.1	-	-
Central Europe	- 6.7	- 3.4	-	- 0.3	- 13.0	- 3.3	-	- 0.2
Amortization of intangible assets	- 9.0	- 4.1	-	- 0.3	- 17.5	- 3.4	-	- 0.2

[Revenue (excluding foreign exchange impacts associated with conversion of local currencies into JPY)]

- H1: +49.5% YoY growth and above target driven by sales volume increase of core brands and positive impact of favorable weather in addition to 3 months results of Central Europe business (Jan.-Mar.).
- Annual Target: +20.3% YoY growth driven by steady revenue growth centered on core brands and promoting premiumization.

[Core Operating Profit (excluding foreign exchange impacts associated with conversion of local currencies into JPY)]

- H1: +107.8% YoY growth and above target driven by sales volume growth, product mix improvement and streamlining each cost spending.
- Annual Target: +50.0% YoY growth driven by streamlining cost spending through factors including synergy generation, in addition to revenue growth and product mix improvement.

(JPY billion)

Summary of Statement of Profit of Loss	2018 H1 (6months ended June 30)				2018 Revised Target (announced on August 2)			
		Inc./Dec.	YoY	Against Target		Inc./Dec.	YoY	Against Initial Target
Revenue	1,005.1	67.7	7.2%	7.1	2,140.0	55.1	2.6%	-
Core operating profit	88.2	16.9	23.7%	6.5	220.0	23.6	12.0%	-
Adjustment item	- 0.3	3.5		5.8	- 16.0	- 2.8		4.0
Loss (gain) on sales and retirement of non current assets	- 0.6	0.1		2.1	- 4.8	0.7		1.2
Gain (loss) on sales of stocks of subsidiaries and affiliates	-	-		-	-	- 9.6		-
Gain (loss) on revaluation of subsidiaries and affiliates	1.4	1.4		1.4	1.4	1.4		1.4
Business integration expenses	- 0.7	1.1		- 0.7	- 0.7	3.3		- 0.7
Impairment loss	-	-		-	-	10.1		-
Others	- 0.3	0.9		3.0	- 11.9	- 8.8		2.1
Operating profit	87.9	20.4	30.2%	12.3	204.0	20.8	11.4%	4.0
Financing income or loss	- 1.1	- 0.0		0.6	- 3.4	0.4		0.4
Share of profit (loss) of entities accounted for using equity method	0.4	4.1		0.1	0.8	- 0.3		- 0.1
Gain on sales of investments accounted for using equity method	- 0.9	- 0.9		- 0.9	- 0.9	- 18.8		- 0.9
Others	- 1.0	1.2		- 4.5	2.5	3.9		- 3.5
Profit before tax	85.3	24.8	41.0%	7.6	203.0	6.0	3.1%	-
Income tax expense	- 25.0	- 5.2		- 2.3	- 60.7	- 2.6		-
Profit for the period	60.2	19.6	48.2%	5.2	142.3	3.5	2.5%	-
Profit attributable to owners of parent	60.4	19.7	48.3%	5.4	142.0	1.0	0.7%	-
Profit attributable to non-controlling interests	- 0.1	- 0.1		- 0.1	0.3	2.5		-

【Operating Profit】

- H1: +30.2% YoY growth and above target driven by growth in Core OP and gain on market value evaluation associated with the deconsolidation of Yantai Beer.
- Annual Target: Revised upward to JPY204.0 billion due to gain on market value evaluation regarding Yantai Beer and review of Others expenses.

【Profit attributable to owners of parent】

- H1: +48.3% YoY growth and above target due to the improvement of share of profit of entities accounted for using equity method associated with sales of stocks of Tsingtao Beer etc., despite increase of Income tax expense
- Annual Target: Unchanged from the initial target due to contraction of gain on sales of stocks of Tsingtao Beer and review of Others expense including the impact of forex.

Overview of Business Results for H1 2018
&
Future Business Strategy

Overview of Results for H1 2018

- ◆ **Finished above target with YoY increase in revenue and profit due to favorable performance of Overseas Business, despite stagnation of Alcohol Beverages Business**
 - Finished below target in Alcohol Beverages Business due to the market contraction more than expected and lack of revitalizing activities for core brands
 - Finished above target in total thanks to continuous strong performance in Soft Drinks and Food Businesses and smooth progress for premiumization in Europe
- ◆ **Expanded sustainable foundation for growth overseas and finished business portfolio restructuring**
 - Facilitated cross border strategy by leveraging *Super Dry* and European premium brands
 - Improved asset and capital efficiency driven by sales of stocks including the equity method affiliates in China (Tsingtao Brewery)

Future Business Strategy

- ◆ **Aiming at growth centered on high added value as a “glocal (Think globally, act locally)” value creation company**
 - Restructure brand foundations for beer type in Alcohol Beverages Business and nurture added value brands in Soft Drinks and Food Businesses
 - Promote brand oriented business aiming at a premium beer manufacturer with a highly competitive edge
- ◆ **Developing management further to enhance corporate value in all group companies entering new stages**
 - Restructure Corporate Philosophy and Long-Term Vision for sharing globally and review Medium-Term Management Policy
 - Reinforce ESG initiatives linked to corporate value through efforts including continuous governance reform

Overview of Alcohol Beverages Business

<Sales Volume>

(Millions of cases)

	H1		Market	H2 Revised Forecast		Market	Full Year Revised Forecast		Market
		YoY	YoY		YoY	YoY		YoY	YoY
Beer	41.53	- 7.1%	-6~7%	54.33	- 1.7%	around -4%	95.85	- 4.1%	around -5%
Happoshu	6.67	- 6.5%	around -8%	7.67	- 2.5%	-4~5%	14.35	- 4.4%	around -6%
New Genre	19.16	- 8.7%	+2~3%	22.44	2.0%	+8~9%	41.60	- 3.2%	+5~6%
Total	67.36	- 7.5%	-3~4%	84.44	- 0.8%	0~+1%	151.80	- 3.9%	-1~2%

* New Genre market include the sales volume of Private Label products

<Market Trend>

- H1** : -3% to -4% YoY decline in total due to the flow out of beer-type consumption to other alcohol categories in response to the retail price hike since last H2 and sluggish performance of on-premise with expansion of in-house consumption, despite +2% to +3% YoY growth in New Genre thanks to aggressive marketing activities in each company.
- Full Year** : -1% to -2% YoY decline expected due to the flow out to other categories including RTD low-alcohol beverages and Highball and stagnation of on-premise market, despite the negative impact of retail price hike diminished gradually. (including the impact of Private Label products in New Genre (contract manufacturing products by the competitor) since April)

<H1 Overview>

- Beer** : Finished below target due to the downturn in reaction to marketing activities last year and the negative impact of stagnation of on-premise market, despite revitalizing the demand through launching new added value products including *Shunrei Karakuchi* and *Gran Mild*.
- New Genre** : Contraction of shelf spaces of *Clear Asahi Prime Rich* in response to the expansion of high alcohol content products in the market and late countermeasure for the consumption trend change.

<Future Strategy>

- Beer** : Strength advertising and promotion activities focused on *Super Dry*, cultivate young generation consumption by leveraging *Shunrei Karakuchi* and revitalize on-premise market.
- New Genre** : Launch high alcohol content product *Clear Seven* and appeal core value of *Prime Rich* (richness) again through the brand renewal.

◆ Initiatives for Revitalizing Beer Market

<Value Improvement of Super Dry>



Shunrei Karakuchi
Product for
Young Generation



Marketing Activities toward
Tokyo Olympics / Paralympics



Revitalizing Activities for
On-Premise Market

Full Development of European Premium Brands



◆ Initiatives for Improving Brand Equity in New Genre

<Brand Extension of Clear Asahi>



Zeitaku 0

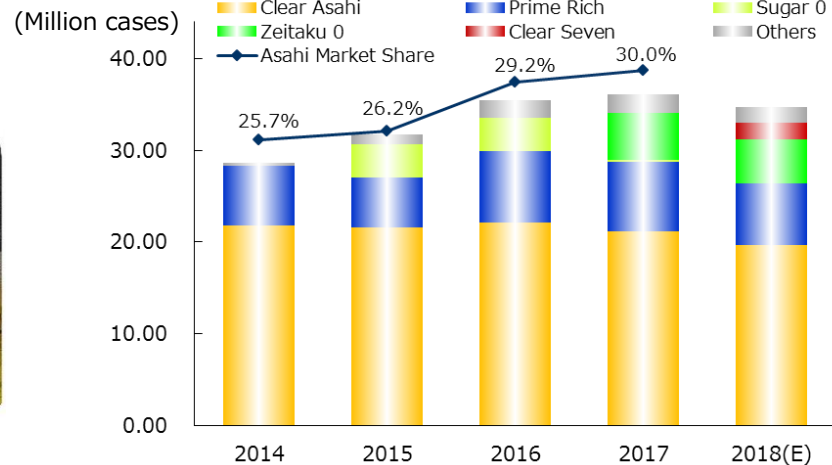


Prime Rich
Renewal



Clear Seven
New launch

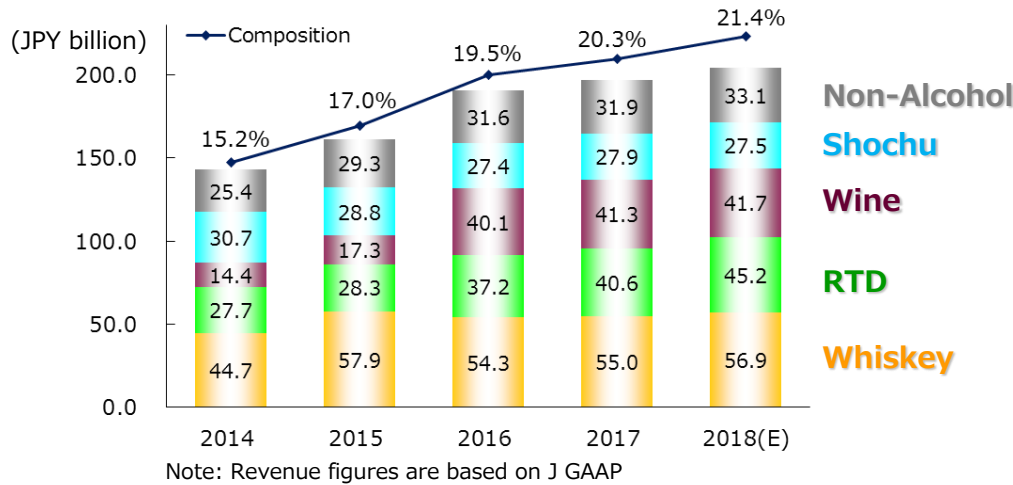
◆ Clear Asahi Sales Volume and Market Share Trend



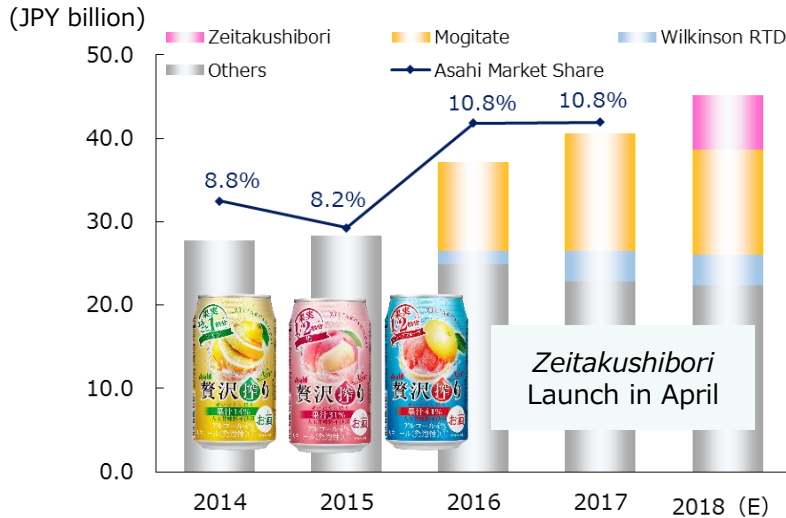
Note: Market share is calculated based on our shipment volume

Overview of Alcohol Beverages Business (Other than Beer-Type)

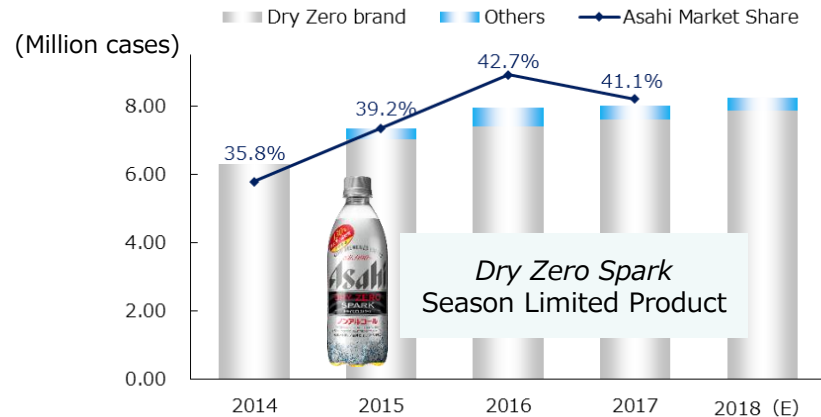
◆ Revenue and Composition Trend of Categories other than Beer-type



◆ RTD: Revenue and Market Share Trend



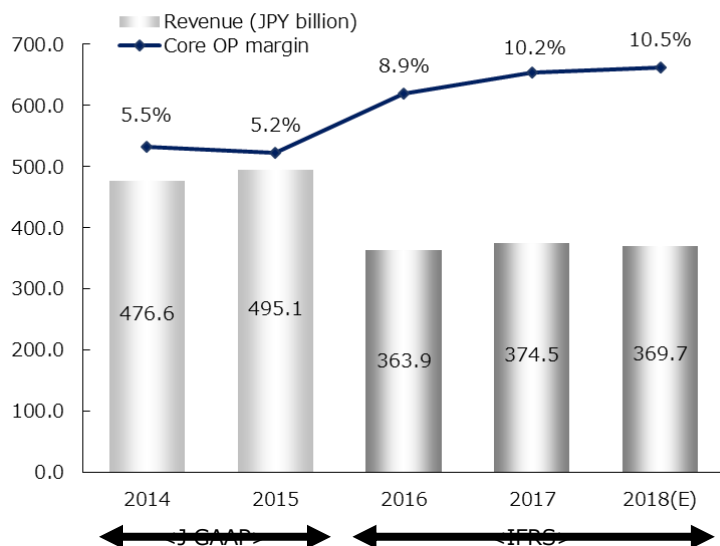
◆ Non-Alcohol Beer Taste Beverages: Sales Volume and Market Share Trend



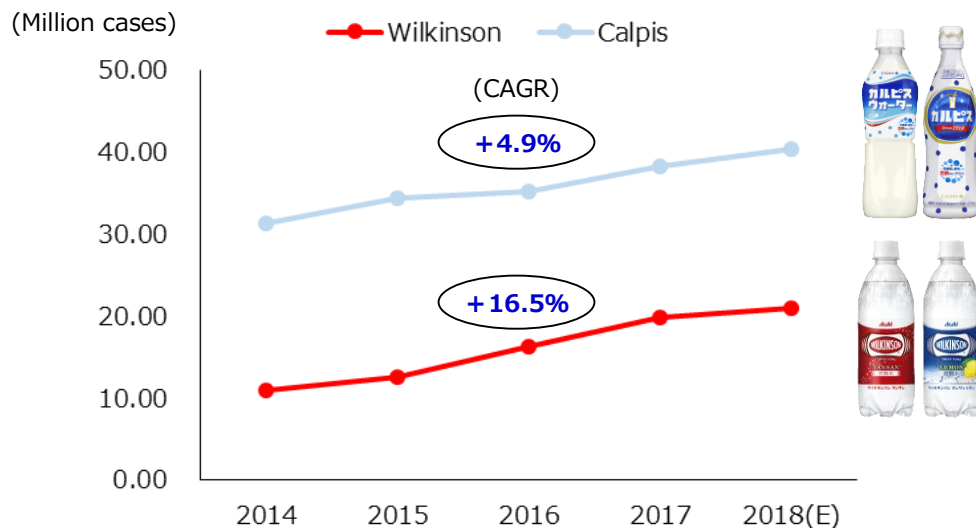
Source: Intage

Source: Intage

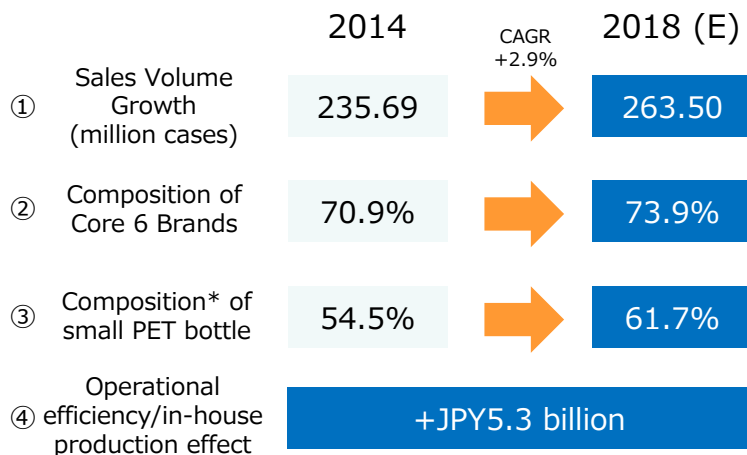
◆ Revenue and Core OP margin Trend



◆ Wilkinson and Calpis Sales Volume Trend



◆ Main Profitability Improvement Driver



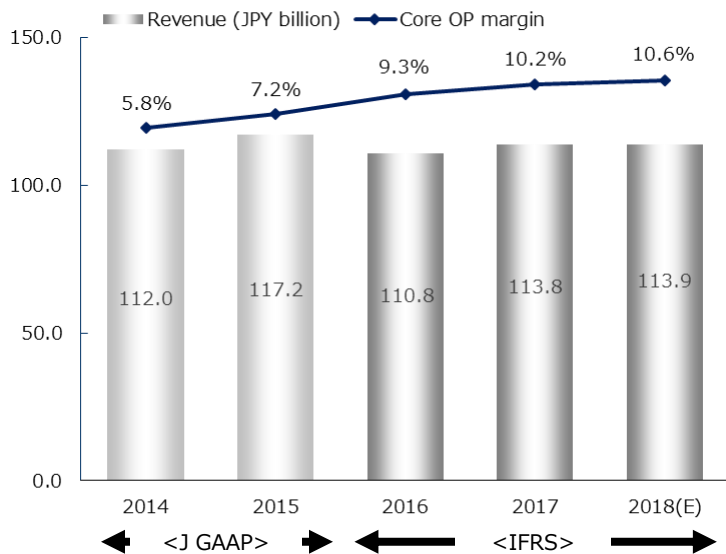
*Composition in all PET bottle / 2018 (E) figure is 6 months result of Jan. - Jun.

◆ Facilitation of Health Field

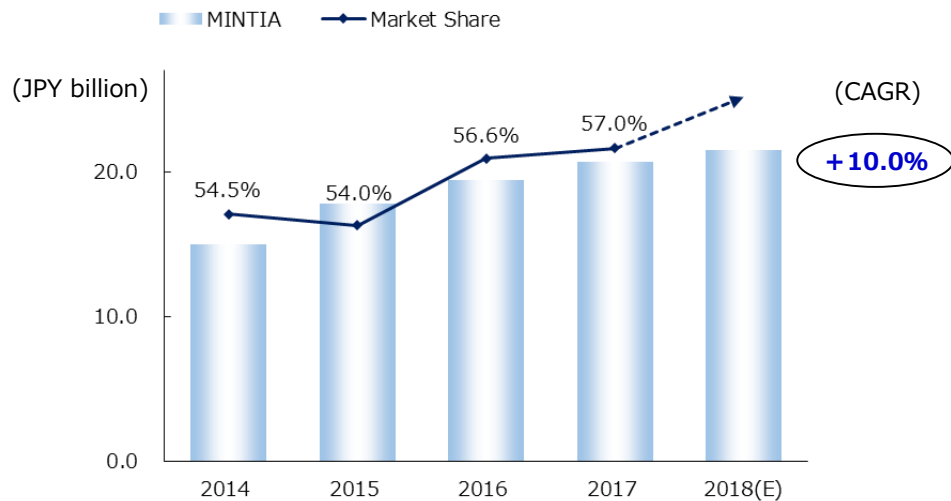
Contribution for tackling the social issues linked to health through such means as leveraging *Calpis-Derived Lactic Acid Bacteria Science Series*



◆ Revenue and Core OP margin Trend

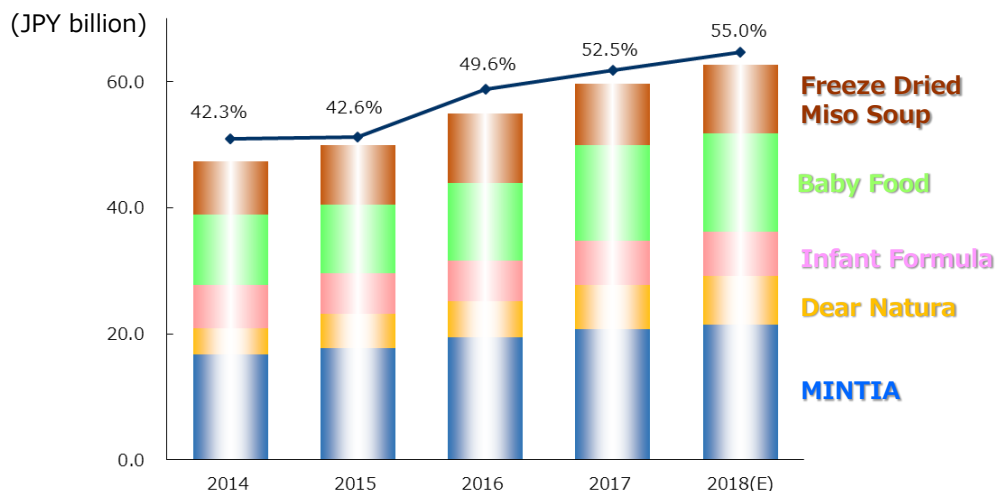


◆ MINTIA Revenue and Market Share Trend



Source : Intage

◆ Revenue Trend of Core Brands



◆ 2018 H1 Results and 2018 Forecast

(excluding foreign exchange impacts associated with conversion of local currencies into Euro)

khl, million Euro	2018 H1 Results	YoY*2	Against Target*3	2018 Revised Target	YoY*2	Against Initial Budget
Sales Volume	4,462	8%	3%	9,119	4%	-
Net Sales (exl. Alcohol tax)	436	9%	1%	905	7%	-
Core OP*1	65	6%	5%	167	10%	-
One-off cost	-1	6	-0	-1	14	-

*1 Core OP before reduction of one-off cost

*2 Comparison in 2017 FX rate

*3 Comparison in budget FX rate

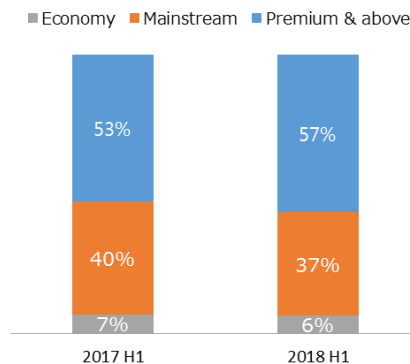
(H1 Overview) Revenue increased above target driven by sales increase in all businesses with favorable performance of main brands and relaunch impacts of *Super Dry*

Profit increased above target driven by revenue growth and product mix improvement due to the growth of UK and the International businesses

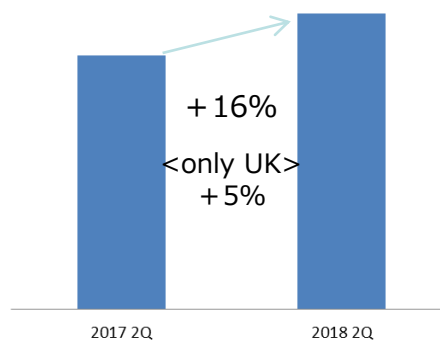
(Future Strategy) Expand sustainable foundation for growth through revenue increase of premium brands including strengthening the brand equity of *Super Dry*

◆ Progress of Strategy for Growth

Premium Ratio in Business



Peroni Nastro Azzurro
Net Sales Growth Rate (Global)



◆ 2018 H1 Results and 2018 Forecast

(excluding foreign exchange impacts associated with conversion of local currencies into Euro)

khl, million Euro	2018 H1 Results	YoY*2 (6 months basis)	Against Target*3	2018 Revised Target	YoY*2 (Full year basis)	Against Initial Target
Sales Volume	16,728	6%	7%	33,264	3%	3%
Net Sales (exl. Alcohol tax)	949	8%	7%	1,874	5%	4%
Core OP*1	213	26%	16%	442	16%	6%
One-off cost	-6	44	-1	-10	82	-1

*1 Core OP before reduction of one-off cost

*2 Comparison in 2017 FX rate. 2017 result is estimated number due to before acquisition

*3 Comparison in budget FX rate

*4 Comparison in FX rate of 2017. 2017 result is estimated number due to before acquisition

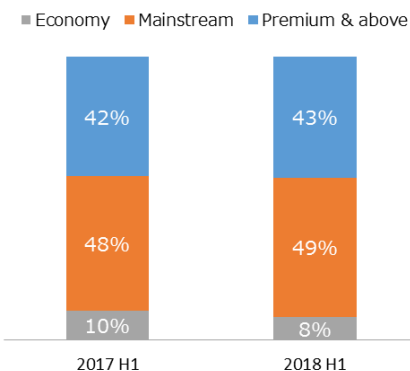
(H1 Overview) Revenue increased above target driven by an increase in volumes across all countries and strong execution of premiumisation strategy, assisted by good weather

Profit increased above target driven by the strong top-line performance, brand mix improvement and good realisation of cost optimisation programs

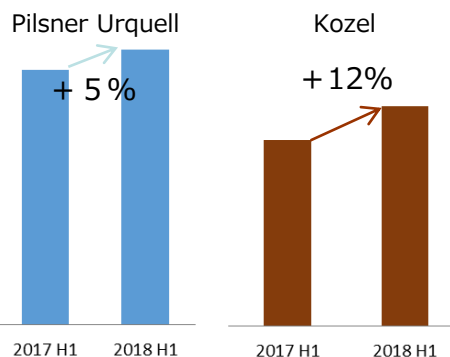
(Future Strategy) Premiumise our scale in domestic markets, scale our premiumisation in international markets, and implement additional cost optimisation programs to drive sustainable topline growth and to further enhance profitability

◆ Progress of Strategy fro Growth

Premium Ratio in Business



Pilsner Urquell/Kozel Net Sales Growth Rate (CE & Export)



◆ Progress of Revenue Synergy

- *Asahi Super Dry* development in Europe -

Driving premiumisation by new marketing strategy

- ◆ Favorable performance in Italy, UK, and France (from Jan.)
- ◆ Starting sales in all home markets including Netherlands and Czech (until Jun.)

- European brands development in Asia and Oceania -

Enhancing premium strategy by rolling out of European brands

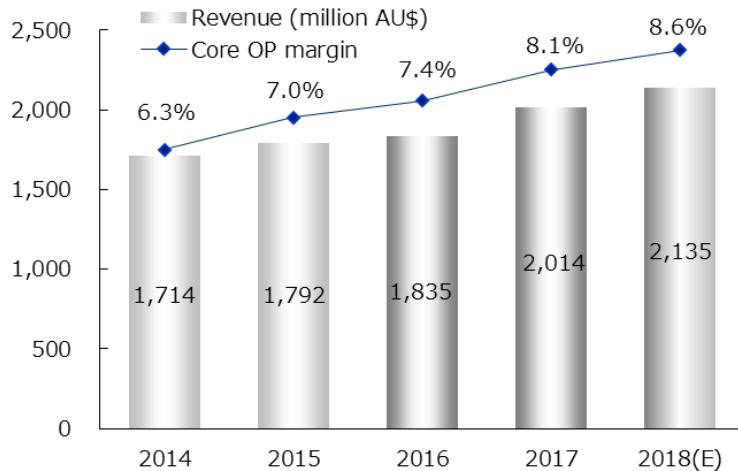
- ◆ Market share expansion of *Peroni Nastro Azzurro* and start to produce some containers in Oceania
(*Peroni Nastro Azzurro* keg :from Dec. 2018, *Asahi Super Dry* bottle: from Jan., 2019)
- ◆ New market cultivation in on-premise market in Japan and China
(Japan: from Apr., China: from May)

◆ Progress of Cost Synergy

- ◆ Cost reduction by optimizing SCM and procurement cost
- ◆ Continuous initiatives in right sizing IT system
- ◆ Reduction of fixed cost by streamlining the operating process



◆ Revenue and Core OP Margin Trend (based on local currency: AUD)



◆ Cost Reduction (including integration synergies): Result & Forecast

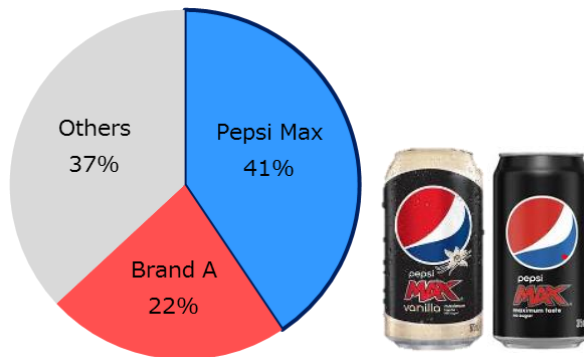
(JPY billion)	2016	2017	2018 forecast	2016-2018 3year forecast
Cost Reduction	1.8	3.2	1.0	Over 5.0



◆ Initiatives in Growing Categories (Australia)

<Non/Low Sugar Cola Market Share>

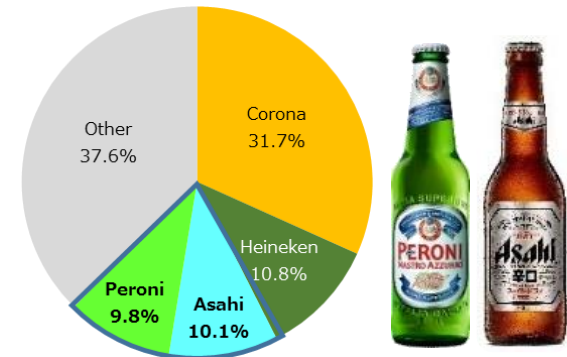
Jan. - May, 2018



Source: Aztec, Volume basis

<Imported Premium Beer Market Share>

Jan. - May, 2018



(+1.8% YoY against 2017) Source: Aztec, Value basis

◆ Initiatives for ESG Reinforcement and Progress of Major Initiatives

Strategy for Sustainability

<Expand Positive Impact>

Create corporate value with a focus on social issues

<Progress of Initiatives>

- Expansion of agricultural material leveraging beer yeast cell walls
- Enhancement of brand equity of *Karada Calpis*, which helps to reduce the fat leveraging lactic acid bacteria abilities

<Eliminate Negative Impact>

Sophisticate the global risk management

<Progress of Initiatives>

- Release the targets for reducing CO₂ emissions “Asahi CARBON ZERO” in April (→ Details P.23)
- Formulate new environmental medium to long term vision (release in 2019)
- Formulate group global commitment to promote “Responsible Drinking” (release in 2019)

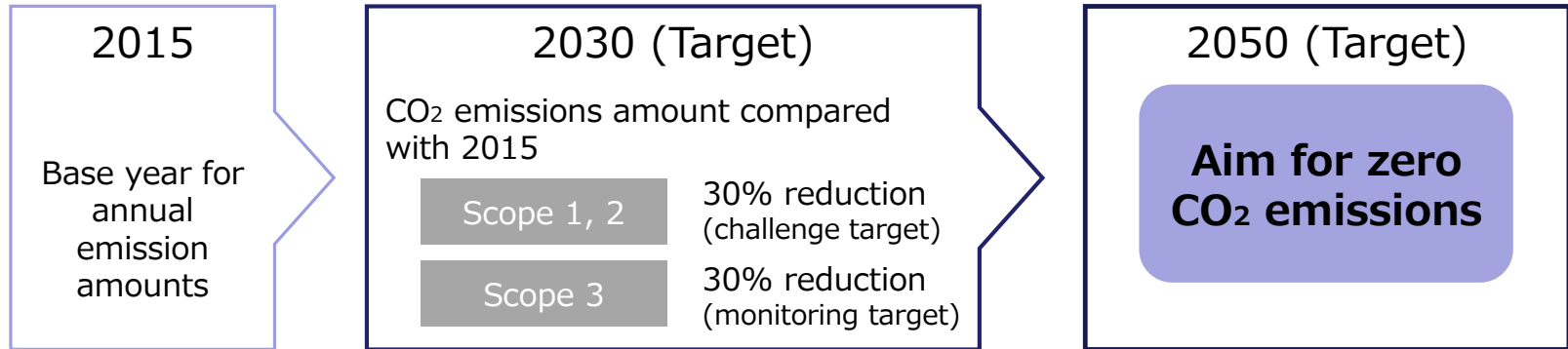
Growth-oriented Corporate Governance

<Progress of Initiatives>

- Promote aggressive governance reform (→ Details P.24)
- Share “Asahi Group Philosophy” internally and formulate global policy (release in 2019)

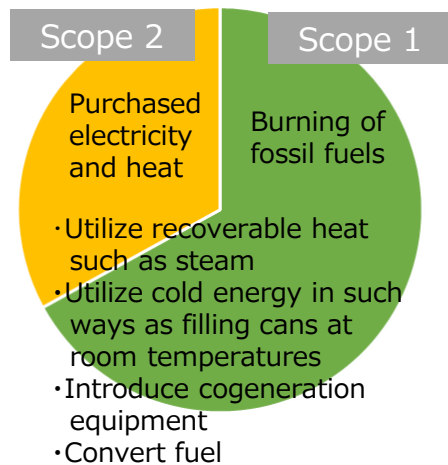
◆ Challenge for “Asahi CARBON ZERO”

<Medium to Long Term Targets to Reduce CO₂ emissions>



Set standards that can compete on a global level

<Efforts to Achieve Targets>



Scope 3

Initiatives to reduce CO₂ emissions related to:

- ① Containers and Packaging
 - Reduce weight
 - Use low-carbon materials
- ② Distribution
 - Pursue a modal shift
 - Promote collaborative delivery
- ③ Product sales
 - Enhance energy efficiency of vending machines and automatic servers
- ④ Raw materials
 - Collaborate with suppliers to achieve reductions

◆ Changes in Governance Structure

Red Letters : Changed Items

<Nomination Committee>

Outside Officers
2 → 3

2017		2018	
Naoki Izumiya	◎	Naoki Izumiya	○
Akiyoshi Koji	○	Akiyoshi Koji	○
Mariko Bando ★	○	Naoki Tanaka ★	○
Naoki Tanaka ★	○	Tatsuro Kosaka ★	◎
		Katsutoshi Saito ※	○

<Compensation Committee>

Outside Officers
2 → 3

2017		2018	
Katsutoshi Takahashi	○	Katsutoshi Takahashi	○
Yoshihide Okuda	○	Yoshihide Okuda	○
Mariko Bando ★	○	Naoki Tanaka ★	◎
Naoki Tanaka ★	◎	Yasushi Shingai ★	○
		Yumiko Waseda ※	○

★ : Outside Directors

※ : Outside Audit & Supervisory Board Members

◎ : Committee Chairpersons

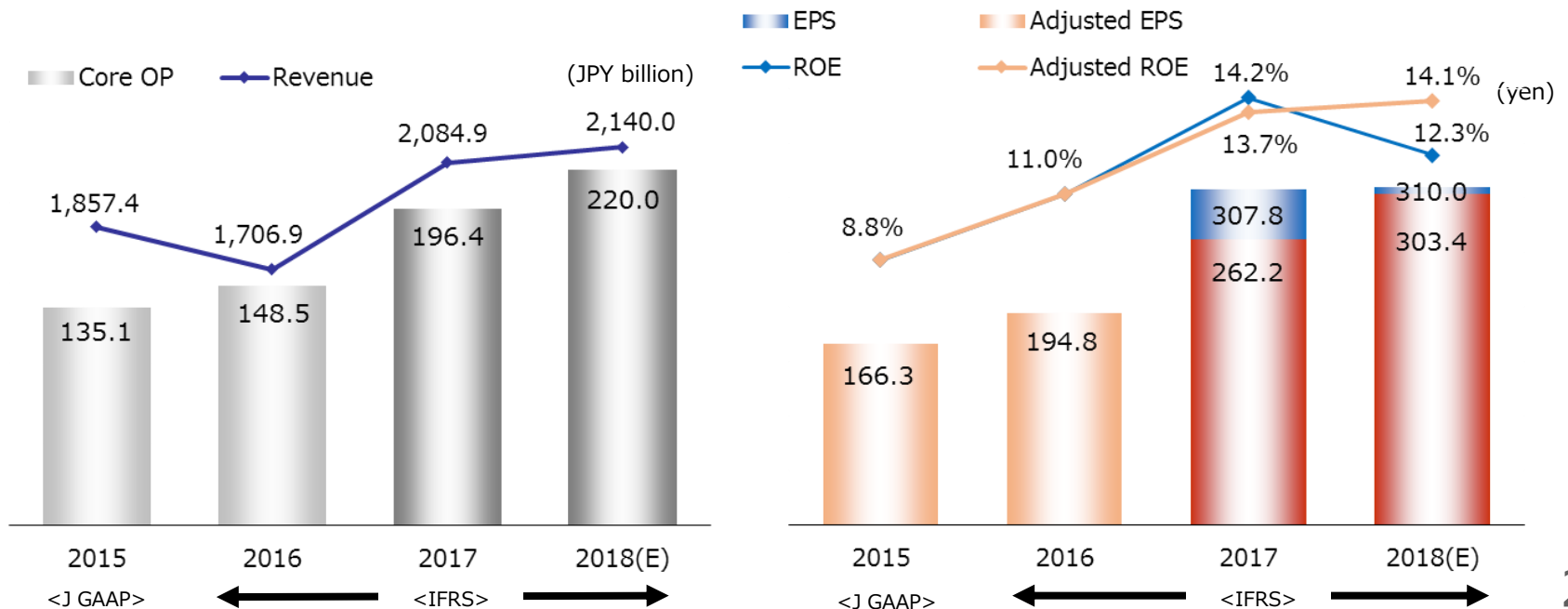
◆ Evaluation of the Effectiveness of the Board of Directors (Initiatives Going Forward)

- Promote further governance reform aiming at continuous improvement of the effectiveness of the Board of Directors
- Facilitate discussion on ESG initiatives for improving social value
- Accelerate cultivation of a corporate culture shared throughout the Group associated with the progress of the Group globalization

◆ Key Performance Indicator (KPI) Concept and Guidelines

	FY2017	Guidelines for next 3 years out
Revenue	JPY 2,084.9 billion	•Stable growth from existing businesses – Business restructuring + New M&As
Core OP	JPY 196.4 billion	•CAGR : mid to high single digit
EPS (Adjusted*)	262.2 yen	•CAGR : mid to high single digit
ROE (Adjusted*)	13.7%	•Maintain 13% or above

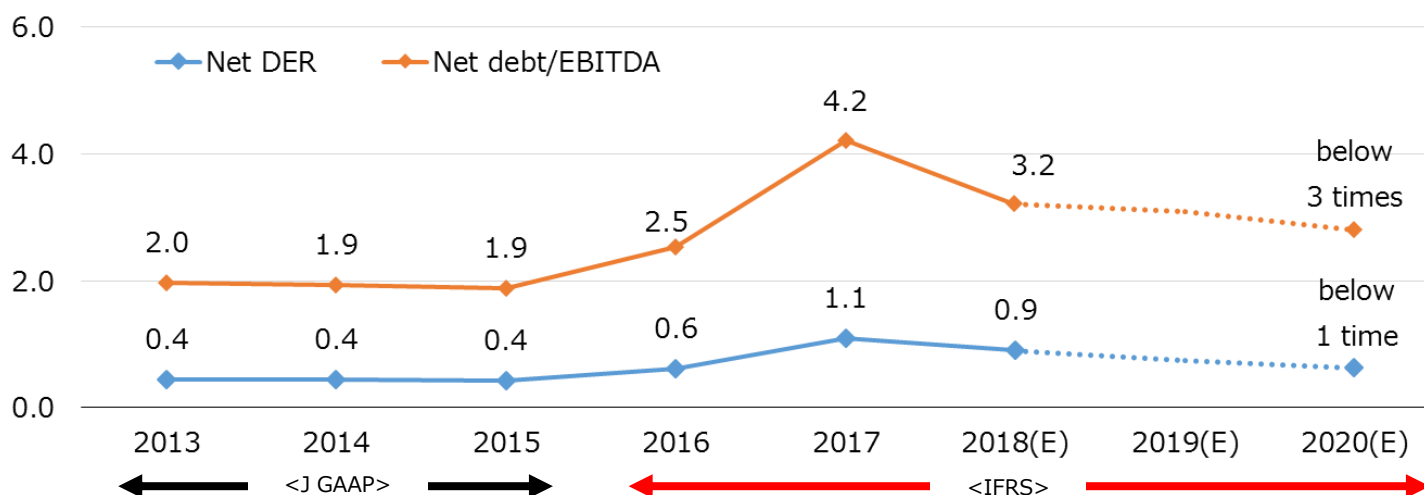
*Adjusted figures are calculated after deduction of one off special factors including business portfolio restructuring and forex impact



◆ Financial and Cash Flow Strategy and Guidelines

	Guidelines for next 3 years out
Cash Flow	<ul style="list-style-type: none"> •FCF : above 140.0 JPY billion (annual average) •impact of business restructuring : approx. 100.0 JPY billion (FY2018 forecast)
Debt Reduction	<ul style="list-style-type: none"> •Net debt / EBITDA : around 3 times by the end of FY2019 •Net D/E ratio : below 1 time by the end of FY2018
Investment for growth	<ul style="list-style-type: none"> •Prioritize strengthening financial structure and consider M&A for expansion of foundations for growth
Shareholder Returns	<ul style="list-style-type: none"> •Stable dividend increases with the aim of a dividend payout ratio of 30%* *Adjusted profit attributable to owners of parent is used for calculation, which is calculated after deduction of one off special factors including business portfolio restructuring

<Net DER · Net debt/EBITDA Trend>



<Reference> Earnings Structure Reform and Sales Promotion Expenses in Asahi Breweries

◆ Progress of Earnings Structure Reform

(JPY billion)	2016 Results	2017 Results	2018 Forecast	Initiatives	2016-2018 3 year Target
Alcohol Beverages	4.7	7.9	2.1	Reduce cost of raw materials such as malt and auxiliary materials Reduce package cost through facilitating group procurement	14.0~
Soft Drinks	4.1	3.5	3.7	Reduce manufacturing cost by reviewing material procurement and manufacturing process Improve operational efficiency through newly settlement of manufacturing lines	
Food	0.8	1.3	1.0	Reduce manufacturing cost by reviewing raw materials procurement Facilitate joint procurement and logistic cost efficiency through business integration	6.0~
Overseas	2.8	4.0	1.7	Create synergies through SCM integration and optimization (Oceania business) Reduce manufacturing cost by reviewing manufacturing process (Southeast Asia business)	
Total	12.4	16.7	8.5		20.0~30.0

Note : Overseas does not include Europe business

◆ Sales Promotion Expenses Trend in Asahi Breweries

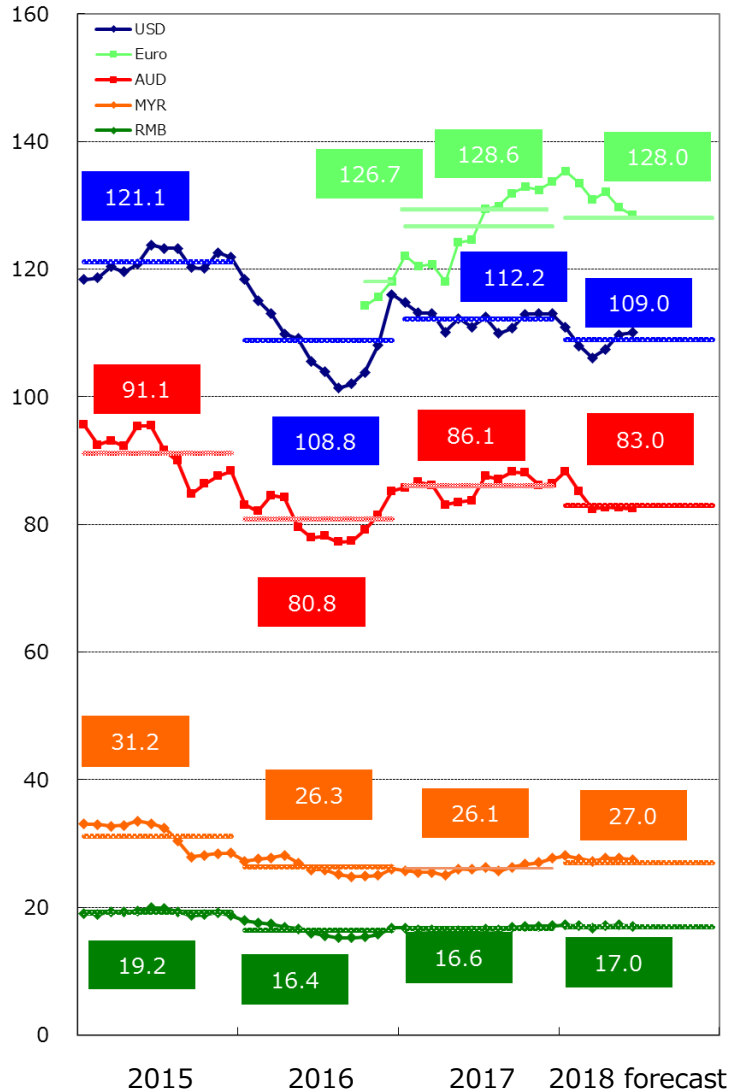
(JPY billion)	2014	2015	2016	2017	2018 Forecast	YoY
Sales promotion	69.4	74.1	79.1	76.7	74.8	-1.9
Advertisement	28.9	29.2	29.4	28.2	29.7	1.5
Total	98.3	103.4	108.5	104.9	104.5	-0.4

<Details by category>

Beer	57.8	58.8	60.7	57.9	56.6	-1.4
Happoshu	3.2	3.1	2.6	2.0	1.8	-0.2
New Genre	15.5	15.7	17.3	15.8	16.7	0.8
Beer-type total	76.4	77.6	80.6	75.7	75.0	-0.7
Other than Beer-type total	21.9	25.9	28.0	29.2	29.5	0.3

<Reference> Impact of Foreign Exchange Rate

◆ Key Currencies and the Company's Average Exchange Rates Trend



◆ Impact of Foreign Exchange Rates on Statement of Profit or Loss

(JPY billion)

Business	Currency	2018 H1		2018		Reference
		YoY	Against Initial Target	YoY	Against Initial Target	
Europe	Euro	166	62	2	-	
Oceania	AUD	△9	△21	△64	△64	
Southeast Asia	-	13	11	12	15	
China	RMB	3	3	2	3	
Others	-	1	4	△2	4	
Revenue		174	59	△51	△42	
Europe	Euro	26	10	△0	-	
Oceania	AUD	△0	△1	△6	△5	
Southeast Asia	-	1	1	1	1	
China	RMB	0	0	0	0	
Others	-	0	0	△0	0	
Amortization of intangible assets	Euro	△6	△2	0	-	
Amortization of intangible assets	AUD	0	0	0	0	
Core OP		20	8	△4	△4	

◆ Exchange Rate Sensitivity of Key Currencies (2018)

(JPY billion)

Impact from forex fluctuations of 1 yen to target currency (full year)

Currency	Target	Revenue	Core OP	Target business
Euro	128	±3.5	±0.6	Europe
AUD	83	±2.1	±0.2	Oceania

Note1: The figures do not include the impact to amortization of intangible assets

Note2: Impact of forex rates means the impact of conversion of business results in local currencies into the results in yen

Asahi

その感動を、わかちあう。

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